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OFFICE OF CURRENT INTELLIGENCE

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DAILY DIGEST

Date: APR 9 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

JCS review complete

DIA, DOS, OSD and NAVY review(s) completed.

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SECTION 1 (SOVIET)

"C" USSR. January Cominform Meeting Concerned with Shortcomings in Anti-Tito Propaganda. a Comin-

form meeting took place in Moscow in January 1951 with P. Yudin, Chief editor of the Cominform Journal, presiding, and Otto Langbein attending as the Austrian delegate. The main points of discussion were the misconception inherent in the Agitprop Section's campaign against Titoism and the measures necessary to rectify this condition. The criticism was that the implementation of the anti-Tito strategy had been inept and superficial in that only the outward ramifications had been attacked and that the failure to exploit the weaknesses in the points at which Tito had deviated from the principles of Marx and Lenin should not be repeated.

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"A" Yugoslav Estimate of Korean Situation. Yugoslav UN delegate Bebler, in answer to Mr. Gross' question regarding Belgrade's estimate of the Korean situation, replied that the USSR may well be almost ready for a negotiated settlement. In explanation he pointed to: (1) Stalin's interview which, because of its editorial tone, seemed to reveal high level Soviet concern regarding Korea and furthermore promised moral and political support while avoiding mention of military aid; (2) the possibility of very serious Sino-Soviet disagreement regarding Korea, Manchuria and the position of Communist China as the revolutionary leader in Asia. Bebler thought the USSR may be encouraging rumors of a Soviet military build-up in Manchuria to improve its position in negotiations regarding Korea as well as in the CFM. Therefore, a high Soviet official such as Gromyko or Malik may soon approach some US official with some sort of proposal for settlement of the Korean war. For reasons of Soviet "face" and because the USSR prefers to conduct such negotiations secretly, Bebler thought it might be easier for the US to make the first approach. Since the USSR is more desirous of settlement and free to negotiate, Bebler thought that any approach to the USSR would be better than an approach to Communist China.

[REDACTED] COMMENT: Soviet UN delegate Malik, in a conversation with a member of the US delegation to the UN, made a passing reference to Korea and when asked about Soviet objectives there, stated that the USSR wanted a peaceful solution. [REDACTED]

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25X1 [REDACTED] However, not only is Soviet propaganda emphasis still placed on acceptance of Peiping's terms for a "peaceful" settlement, but all indications point to an intensification of North Korean and Chinese Communist military operations.

"C" EASTERN EUROPE. ALBANIA. Albania Protests Yugoslav, Italian and Greek Provocations. In three separate notes the Albanian Government has protested alleged provocations committed against Albania by the Yugoslav, Italian and Greek Governments. In a note to the Yugoslav Government Albania has accused Yugoslavia of nine violations of Albanian territory between 2-31 March. In a verbal note to the Italian Government, Albania has charged that Italian airplanes violated Albanian airspace eight times between 22 February and 31 March. The Albanian protest regarding alleged Greek provocations was addressed to the UN Secretariat and accused Greece of provoking frontier incidents and violating Albanian airspace. In each case the Albanian Government has demanded that an end be put to these aggressive and hostile acts against Albania. [REDACTED]

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"B" YUGOSLAVIA. Bebler Expresses Interest in UN Peace Observation Commission. Yugoslav UN delegate Bebler informed US representative Gross that he wished to discuss the question of using a UN Peace Observation Commission (POC) in Yugoslavia before his departure for Belgrade on April 8. Bebler stated that he was more interested in the POC than formerly, but that he would be worried about limiting a POC team to Yugoslavia. He wondered whether it would be feasible to organize such a team for the entire Balkan or Middle Eastern area rather than limiting it to Yugoslavia.

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[REDACTED] COMMENT: An Observation Commission established to embrace Greece and Turkey, as well as Yugoslavia, would now stand a better chance of Yugoslav approval than when the subject was first raised by the US last year. However, Turkey, which is very sensitive about its frontiers bordering on the Soviet orbit, probably would not want a POC team. The Greeks also would prefer to retain UNSCOB to observe its borders rather than replace it by a new team.

"A"

Diplomatic War Mounts Between Yugoslavia and its Neighbors. Signs of increasing tension in the Balkans are evidenced by the increasingly numerous exchanges of diplomatic notes between Yugoslavia and its Cominform neighbors. Following the exchange of Hungarian-Yugoslav notes regarding the traffic incident in Belgrade which resulted in the recall of the Hungarian Chargé d'Affaires, the Yugoslav Government has recalled Dinko Denovski, its Chargé in Budapest. The Hungarian Government, however, has refused to issue him an exit permit and Yugoslavia has retaliated by refusing to permit the wife of the Hungarian Chargé to return to Hungary. The Bulgarian Government, whose assistant Military Attaché in Belgrade was also involved in the traffic accident, protested on April 3 the treatment of its Embassy personnel in Yugoslavia and demanded that the Yugoslav Government punish the UDB and militia officials who are alleged to be responsible. On 7 March the Yugoslav Government in a formal note of protest charged Rumania with provoking sixty border incidents between 7 December and 22 February. Belgrade radio also announced that the Rumanian Government a few days earlier had sent a note accusing Yugoslavia of border violations. On March 8 the Albanian Government protested nine "gross violations" committed against Albania between 2-31 March by Yugoslav armed forces and aircraft. [REDACTED]

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COMMENT: Since the issuance of the Yugoslav White Paper a month ago, the diplomatic tension between Yugoslavia and the Cominform has steadily mounted. In addition to the formal charges and counter-charges described above, since mid-March Hungary and Bulgaria have officially protested Yugoslav frontier violations, Bulgaria has ousted the Yugoslav Chargé in Sofia, and Hungary has withdrawn its Chargé d'Affaires from Belgrade. Yugoslavia has closed the Soviet consulates in Zagreb and Split, ousted the Bulgarian Chargé, and recalled its Chargé from Budapest.

"B"

Yugoslav Government Reorganized. A reorganization of the Yugoslav Government was announced on April 6, whereby key economic branches of the Federal Government were transferred to the operative competency of the six republics. Only those economic branches which are actually centralized by their technical nature, such as railway, water, and air transportation, remain under the Federal Government. A total of fourteen federal economic organs were abolished and their functions of general supervision assigned to other ministries or councils. Among these was the Federal Planning Commission headed by Boris Kidric, one of the leading Politburo members. Kidric remains as President of the Economic Council which will assume the planning functions of the defunct Federal Planning Commission. [REDACTED]

COMMENT: This

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latest streamlining of the Yugoslav Federal Government is another step in the government's program of decentralization and "democratization" of Yugoslav Communism which began in early 1950 when eight federal ministries were abolished by decree. The abolished Ministries were replaced in the Federal Cabinet by coordinating Councils and Committees which were made responsible only for general administration and supervision in the fields formerly assigned to the abolished ministries. The latter's operational activities, however, were transferred to the republics. More recently the State Control Commission was abolished, and its enforcement functions were transferred to local workers councils which were established in all economic enterprises. However, since both the local workers councils and the Governments of the republics are thoroughly controlled by the Communist Party, it must be assumed that final authority will continue to reside in the Central Government and the Politburo.

"C" CURRENT COMMUNISM AND PROPAGANDA. The French Government has prohibited the retention in France of headquarters of the World Peace Partisans.

25X1 COMMENT: This eliminates from Western Europe the last of the international headquarters of the major international Communist organizations. Like the other international Communist organizations whose headquarters were banned from France in late January (WFTU, WFDY, and WIDF), the World Peace Partisans will now have to establish their headquarters behind the iron curtain. In view of the recent successful meeting of the World Peace Council in Berlin, it is not unlikely that the World Peace Partisans will establish their headquarters there. This would also be in accord with the build-up which Berlin has been receiving in recent months as a symbol of Communist peace goals.

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SECTION 2 (EASTERN)

"A" INDIA. Chief of Atomic Energy Commission Invited to Visit USSR. According to a Reuters news agency dispatch, Dr. Homi J. Bhabha, Chief of India's Atomic Energy Commission, and 24 other prominent Indians have been invited to make a five-week tour of industrial, medical, and educational facilities in the Soviet Union. [REDACTED]

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"C" BURMA. Chinese Communist Activities. During a recent tour of Chinese schools in Rangoon, the Chinese Communist Ambassador [REDACTED] offered a substantial monthly subsidy to all schools meeting his approval. US Embassy Rangoon comments that this move is a strong inducement for non-Communist schools to adopt the Communist curriculum and that the use of bribery by the Chinese Embassy among both Chinese and Burmese is becoming increasingly brazen. [REDACTED]
COMMENT: Any advantages gained by such activities are likely to be outweighed by adverse reactions among the Burmese at such patent proselytization.

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"B" Insurgent Situation. The chief military events during the past month have been insurgent operations rather than the Government's pacification effort, according to the US Military Attache. The Burmese now officially estimate that there are 10,100 insurgents under arms, a substantial increase over previous estimates. The Military Attache comments that the revised estimate is not due to an actual increase in rebel strength, but is the result of better combat intelligence. [REDACTED]

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COMMENT: Increased insurgent initiative can be attributed to their northward movement into heretofore peaceful areas lightly held by Government forces, efforts to combine rebel operations, continued favorable weather conditions and, in the case of the Communists, renewed hope of Chinese assistance. The official estimate of insurgent strength is certainly more realistic, but still cannot be accepted as completely accurate.

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"B" INDOCHINA. French May Undertake Offensive in Tonkin. French C-in-C De Lattre has directed his Army, Navy and Air Force commanders in Indochina to maintain their headquarters in Hanoi until the situation in Tonkin is under control. If a major enemy offensive fails to materialize, De Lattre will attempt to take the initiative. [REDACTED]

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[REDACTED] COMMENT: De Lattre has on several occasions voiced his intention of launching an offensive if reinforcements were provided from France and North Africa. The reinforcements he has requested have been promised by the French Government.

"B" French Move to Check Border Marauders. An official French communique of 8 April announced that French reinforcements had been rushed by air to Laichau in Western Tonkin to counter the threat posed by hostile forces which last week entered Indochina from Yunnan, and which was reported to have occupied the post of Phong Tho, 60 kilometers west of Laokay, on 2 April. The French reinforcements [REDACTED] have moved more than 25 kilometers north of Laichau in the direction of Phong Tho without encountering opposition. [REDACTED] COMMENT: The hostile force, which is estimated to be of battalion strength, has not yet been identified as being under the control of the Chinese Communist authorities. The French communique merely states that since last November, "bands not under Viet Minh control, Chinese guerrillas, and border pirates"

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have created a "state of confusion" in this area.

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"B"

Hong Kong Seizes Tanker Claimed by Chinese Communists. The Hong Kong Government requisitioned the Chinese oil tanker YUNG HAO on 7 April and placed it under the control of the Royal Navy. Authorities in the Colony issued an official statement declaring that the tanker was being requisitioned for "use in the public interest" and that discussions were proceeding "with regard to terms."

COMMENT: This 15,000-ton tanker, after being repaired in Hong Kong for the Chinese Nationalists, was taken over by a Communist crew. Despite

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the representations of US officials, Hong Kong authorities declared they could not deny clearance to the vessel, and the Colony's present action was forced by instructions from London. The British authorities in the Colony are concerned with the Chinese Communist reaction to the requisition, and the discussions "with regard to terms" probably refer to a money payment for use of the vessel.

"B" KOREA. Enemy Activities in Northeastern Korea. The 41st UK Marine Commando in its 6 April raid on the east coast rail line near Songjin learned [redacted] that the Communists were anticipating a UN amphibious landing and that two North Korean divisions with artillery were deployed in the Songjin area to repel any such attempt. [redacted] a Communist main supply route from Manchuria to Korea was from Hyesanjin (on the border due north of Hungnam) to Tanchon using secondary roads and that the Songjin to Tanchon coastal road had not been in use for a month. All young men in the area had been inducted into the North Korean Peoples Army and all civilians are mobilized for nightly repair work on roads and railroads. (S COMNAVFE 080716Z, 8 Apr 51).

COMMENT: [redacted]

The reported abandonment of the Songjin to Tanchon coastal road as a main supply route, if true, bespeaks the effectiveness of UN naval bombardment.

25X1 "A" Preparation for Air Activities Continues on the North Korean West Coast. [redacted] 800 troops (possibly two battalions of the NK 5th Division) replaced civilian laborers on 12 March in construction activities at Ongjong-ni airfield, west of Chinnampo and [redacted] supplies were received by rail two or three times a week from Chinnampo.

25X1 [redacted] North Korean air-ground recognition panels, established for use from November through February, are still in use. [redacted]

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SECTION 3 (WESTERN)

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"C" FRANCE. Socialists May Precipitate Crisis over Economic Policy. Premier Queuille will probably pose a question of confidence late this week on the Government's economic policy and possibly at the same time on the date of elections. Because of the number of essential items on the Assembly's agenda, it now appears somewhat unlikely that elections can be held in June. The coalition is still sharply divided on the problem of financing the deficit, and the Socialists' possible insistence for electoral reasons on a long-term anti-inflation program might force Queuille's resignation, thus throwing on the Socialists responsibility both for postponing elections and for the formation of a new government. [redacted] Comment: Although members of all parties have expressed a desire for early elections, the tentative decision on the method of elections will now induce the deputies to weigh more carefully their chances of reelection. As a result, an increasing number may favor postponement, particularly since favorable effects of the Government's developing economic program are not expected to be apparent before June. The Socialists may well be deterred from forcing a crisis at this time in view of their inability since 1947 to form a government.

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"B" ITALY. Communist Congress Fails to Arouse Enthusiasm of Delegates. The closing sessions of the six-day national congress of the Italian Communist Party (PCI) were marked by widespread boredom. More than half of the seats were often empty, and delegates were frequently requested to desist from reading newspapers during speeches. No one dared criticize reports by the party leadership. The Communist-dominated General Labor Confederation (CGIL) was sharply taken to task for its failure to arouse workers' enthusiasm for political strikes in support of PCI strategy. [redacted] COMMENT: The apathy evidenced by delegates to the congress confirms the increasing lack of interest in PCI activities [redacted] prevalent among provincial federations of the party. Party discipline, however, will probably ensure that these elements, despite

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their lack of zeal, vote "correctly" at the forthcoming municipal elections.

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"C" SPAIN. Spanish Cabinet Still Intact. Rumors of an impending Franco Cabinet crisis confirmed last week [] by Labor Minister Giron, who reportedly expected to be ousted from office on 6 April, have thus far failed to materialize. [] The regular cabinet session on Friday, 6 April, like the two preceding ones, was devoted to a study of measures for alleviation of Spain's still deteriorating and potentially explosive economic situation. [] COMMENT: Franco may have decided that this was hardly the opportune moment to focus national and world-wide attention on the inadequacies of his Government. Instead, he apparently hopes that a further tightening of controls will achieve a wider distribution of foodstuffs and thereby ease current popular discontent.

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"C" SWEDEN. Defense Hampered by Import Difficulties on Electronics. The retiring Supreme Commander of Sweden's armed forces and his successor declare in separate statements that Sweden's inability to import defense items is seriously affecting defense plans and go on to emphasize the need for further cooperation on the part of Swedish industry. US Embassy Stockholm remarks that Sweden, unable to import radar equipment in particular [] is now attempting to stimulate domestic production, and that the armed

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services are demanding higher priorities be granted to military orders.

COMMENT: Radar consti-

tutes a serious and pressing problem for the Swedish authorities, who, disturbed over their failure to secure the release of equipment purchased in the US, undoubtedly will make every effort to acquire radar equipment in the UK and elsewhere. Sweden can only internally meet its electronic requirements at a heavy cost to its economy and industrial organization, and considerable time would be required for the necessary conversion of plant facilities.

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"C"

Malayan Rubber Controls Set Up UK Rubber Conference
Position. The Malayan rubber export licensing controls imposed 5 April

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[redacted] are now explained by UK officials as preliminary and tentative restrictions pending the outcome of the eighth meeting of the Rubber Study Group beginning 16 April in Rome. UK officials have not announced specific quotas as yet, but

[redacted] their present objective is to cut shipments to China sharply as against 1950 levels, and to allow only "normal" shipments to the USSR and its satellites. Restrictions on Hong Kong imports will result from informal advices from the Hong Kong Governor to the Malayan authorities as to how much to release, so that the apparent effective control will be Malayan licensing. The UK reportedly professes willingness to co-operate in establishing either an allocations system or some other scheme of limitations, as the Study Group may decide. [redacted]

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[redacted] COMMENT: While the UK may be willing to cooperate in measures to control the economic effects of the world rubber shortage, there is still no evidence that the UK would regard a total ban on rubber exports to the USSR and its satellites as a logical accompaniment to such measures. The device for restricting Hong Kong imports is evidently intended to satisfy US demands for control of the China trade without arousing Chinese Communist anger. [redacted]

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SECTION 1 (SOVIET)

25X1 "A" YUGOSLAVIA. Reported Greek Proposal to Partition Albania. In a conversation with Ambassador Allen on 4 April, Cyrus Sulzberger of the New York Times declared that he had been told by a Yugoslav Politburo member that a Greek proposal on the "highest level" had been made to Yugoslavia for the possible division of Albania between Greece and Yugoslavia. When Ambassador Allen expressed disbelief, Sulzberger stated that a Politburo member had confided this during the course of the "most frank conversation he had ever had with a Yugoslav official either before or since 1941." Allen suggests that Greek Prime Minister Venizelos may have made reference to the future of Albania in countering the recent Yugoslav demarche regarding Greece's course of action in the event of a Cominform attack on Yugoslavia.

25X1 COMMENT: The Greeks have traditionally entertained aspirations for Northern Epirus (Southern Albania), and may have attempted to sound out the Yugoslavs regarding a partitioning of Albania. Such a suggestion would certainly further arouse Yugoslav fears of foreign intervention in Albania and may partially explain recent Yugoslav press accusations alleging Greek and Italian interference in Albania.

SECTION 3 (WESTERN)

25X1 "B" SPAIN. Assessment of Spanish Defense Capabilities. The US Ambassador in Madrid has forwarded the following statements of his Air Attache which were included in an Air Intelligence Information Report: "The Spanish air force possesses only two radar sets. Anti-aircraft exists only in project form. Present flying equipment would last for only a few days. The majority of the Spanish air force have never seen a jet". Ambassador Griffis believes that the same situation applies equally well to the Spanish navy, and in lesser degree only, to the army. He comments that it is increasingly obvious that any possibility of Spain defending the Pyrenees or any other line is fantastic unless it is given military equipment and assistance.

25X1 COMMENT: The accuracy of the above is confirmed by the amount of aid needed for adequate Spanish defense. This has been estimated at upwards of one billion dollars.

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